

Exhibit A

Summary of Proposed Clean Water State Revolving Fund (CWSRF) Policy Amendments and Statement of Reasons

Note: Page references shown are for Exhibit B.

Item	Page	Category	Description of Change(s)	Reason
1	iv	Appendices	Appendix G deleted.	No longer needed.
2	iv	Appendices	Appendix I deleted.	Allowance Tables no longer needed.
3	iv	Appendices	Appendix O deleted.	Subject forms no longer required.
4	v	Executive Summary	Added "Refinancing, Water Recycling Projects" and updated description of all sections.	Executive Summary updated to show changes made within various Policy sections.
5	various	Globally	Minority/Women Business Enterprise (MBE/WBE) changed to Disadvantaged Business Enterprise (DBE).	Federal law changed requirements from MBE/WBE to DBE on May 1, 2008.
6	various	Globally	Approval to Award (ATA) changed to Approval of Award (AOA).	Application procedures changed to reduce time to execute a financing agreement.
7	various	Globally	Added DAC acronym for Disadvantaged Community.	Reference to DAC acronym is used in multiple locations in CWSRF Policy.
8	various	Globally	Deleted CalMuni as the Credit Review contractor and replaced with credit consultant.	CalMuni could be replaced by another credit consultant at any time.
9	2	Definition	Added "soft costs" to "Allowances" and deleted "percentage of the accepted bid" in definition (a).	Opened up Allowances to provide reasonable amounts of funding that are no longer strictly held to the Allowance Tables, formerly in Appendix I. Reasonable Allowances will be based on incurred costs and project specifics.
10	2	Definition	Added Capitalization Grant, definition (d).	Required for federal grant funds to CWSRF Program.
11	3	Definition	Added Executive Director, definition (n).	Required to identify "Executive Director".
12	4	Definition	Added Intended Use Plan (IUP), definition (v).	An essential element of the CWSRF Program's annual business plan.
13	6	Priority	Section IV.A.1 & 2: Regional Water Board consultation and concurs with the Project Priority List (Statewide List).	Reflects actual State Water Board and Regional Water Board procedures with the Statewide List.
14	8/10	Priority	Added the Executive Director to Section IV.E.3, Section IV.G.3, and Section IV.G.4	Provides the Executive Director with the authority to adjust the Statewide List.
15	9	Priority	Added Section IV.H Intended Use Plan and Capitalization Grant Applications	Section added to explain the annual Intended Use Plan adoption by the State Water Board or amended by the Executive Director.

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16	10	Priority	Section IV.H: Added Intended Use Plan (IUP) and Capitalization Grant (Grants) section.	Provides the Division and the Executive Director with the flexibility to amend the IUP and Grants.
17	11	Match	Section V: State Water Board may offer Match to meet CWA requirements. State Water Board will determine Match status on an annual basis.	Provides the State Water Board with the flexibility to offer Match or use moneys when not offering Match to assist other CWSRF Program priorities.
18	11	Match	Section V.B: Added Planning financing agreements cannot use match financing.	Match financing for Planning activities is not appropriate or needed by applicants.
19	11-12	Match	Section V.C: (1) Added soft costs, Equipment Procurement, and vendors. (2) Deleted reference to planning and design allowance disbursement requests.	(1) Clarification. (2) Clarification.
20	12	Retroactive Funding	Section VI: Deleted section and moved to new Construction Financing Agreement Section X.	CWSRF Program procedures changed such that the "effective date" of financing agreement is the Preliminary Funding Commitment (PFC) and not the Final Plan & Specification (P&S) approval date.
21	12-13	Refinancing	Section VI.B: Bridge Financing section rewritten to reflect deletion of "gap between the time of FP&S approval and financing agreement execution".	Rewritten so that CWSRF funds are obligated and disbursed earlier. The CWSRF procedures have been modified so that the initial financing agreement may be executed based on the engineer's estimate rather than after the bid award by applicant.
22	14-20	Planning Financing	Section VIII A-G: Added Approval of Planning Financing Section with Application Planning Requirements, Eligibility, Financing Terms, Financing Approval and Agreement, Disbursements, Payments and Record Keeping Requirements	Provide applicants with the option to apply for CWSRF Program financing for project planning activities. The Planning Financing procedures are outlined within this section and if Construction Financing is pursued the Planning funds may be rolled into the Construction Financing.
23	20	Approval of Construction Financing	Section IX: Rewrote first paragraph to include the construction financing agreement concept and encourage applicants to submit applications early in the design process and moved this section from Section IX.A to the first paragraph.	Construction Financing and the Financing Agreement is based on the project Engineer's estimate. The Financing Agreement is amended at the time of the Approval of Award (AOA) to push the initial funds disbursements much earlier in the project schedule.

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24	23	Approval of Construction Financing	Section IX.A.10.I: Deleted “FP&S approval or the Request for Design-Build Proposal” and added “disbursement of costs for construction”.	Regional State Water Board Waste Discharge Requirements must become final before disbursement of any CWSRF funds for construction.
25	25	Environmental	Section IX.B.1: Added last sentence of 1 st paragraph explaining that CEQA compliance may overlap with Federal compliance.	Clarification of possible Federal environmental law compliance when performing state CEQA.
26	25	Environmental	Section IX.B.1: Added 2 nd and 3 rd paragraphs to explain USEPA “Federal Cross-Cutters” and Federal Capitalization Grants requirements with the CWSRF Program. The State Water Board has the discretion to impose or drop these “Federal Cross-Cutters”.	Clarification of Federal environmental requirements and the options that the State Water Board may exercise while administering the CWSRF Program as required by the Operating Agreement between USEPA and the State Water Board.
27	25	Environmental	Section IX.B.1: Revised 4 th paragraph to explain the applicant’s and State Water Board’s roles during the CEQA preparation process.	Clarification of the applicant’s and State Water Board’s roles during the CEQA preparation process.
28	27	Environmental	Section IX.B.3: Revised 2 nd paragraph to explain that applicants are responsible for federal environmental laws during the CEQA preparation process.	Clarification of the applicant’s and State Water Board’s roles during the CEQA preparation process.
29	29	Water Conservation	Section IX.C: Deleted applicant must submit a specific time schedule for local adoption of a water conservation program.	The option for applicants to comply with Water Conservation requirements and submit a time schedule for the local adoption of a water conservation program is detailed in Appendix F.
30	31	Credit/Legal	Section IX.E: Changed (1) PFC to initial financing agreement amount and (2) the agreement can be executed to funds for construction can be disbursed.	(1) The Credit Review results will be the basis for the initial financing agreement amount and (2) applicant’s source of revenue is approved prior to any CWSRF construction funds disbursements.
31	31	Credit/Legal	Section IX.E.1: Added “may be executed, but funds for construction will not be disbursed until the rates will not be disbursed until the wastewater rates are approved”.	The Proposition 218 process approving rate increases or some equivalent source of revenue will be approved by the Division to pay for the CWSRF financing agreement prior to any CWSRF construction funds disbursements.

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32	32	Credit/Legal	Section IX.E.2: Deleted "Agency must submit a draft ordinance or resolution dedicating a legal and adequate source of revenue for payment of the CWSRF financing agreement before FPA." The next sentence requires the applicant to adopt an ordinance or resolution dedicating a source of revenue for payment of the CWSRF financing agreement.	An adopted ordinance or resolution dedicating a legal and adequate source of revenue for payment of the CWSRF financing agreement is now needed before a project FPA/PFC can be approved by DFA.
33	32	Credit/Legal	Section IX.E.4: Added (1) "or adverse findings by outside reviewers" and (2) "or manage and implement the project financed by the CWSRF Program".	Provides for situations where other reviewers provide additional information that the State Water Board may take into consideration when making eligibility or approval determinations.
34	34	Credit/Legal	Section IX.F.5: (1) Deleted "Legal Opinion" from competent counsel, (2) Added applicant must certify that it has the legal authority to access the land for the project. Added last sentence for projects where land access and ownership is questionable.	(1) Requiring a "Legal Opinion" deleted and is considered not needed as (2) is considered the applicant's responsibility and applicant certification to land access is sufficient. Division has the discretion to request additional land access and ownership documentation.
35	35	Eligible Project	Section IX.G.1.j: (1) Deleted Allowances and prime engineering, (2) Added Costs, management and value engineering.	(1) Allowances (soft costs) are based on actual costs instead of fixed amounts. (2) Costs and value engineering added for clarification.
36	35	Eligible Project	Section IX.G.1.k: Added "Cost to prepare Environmental Management System (EMS) and Asset Management Systems".	A State Water Board priority is EMS planning and asset management costs. These costs may be eligible for CWSRF funding to promote energy conservation and asset management practices.
37	35	Eligible Project	Section IX.G.1.o: Added Recycled Water Systems list of eligible facilities for CWSRF funding.	A State Water Board priority is the list of Recycled Water Systems facilities eligible for CWSRF funding.
38	38	Preliminary Funding Commitment	Section IX.K.1: Rewritten to include "may contain conditions that must be met by the applicant" and "or Request for Design-Build Proposal".	Rewritten to clarify the Preliminary Funding Commitment process and include the Request for Design-Build Proposal.

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39	38-41	Design-Build	Sections IX.L-M: Deleted (1) Design-Build & (2) Technical Review and Panel Selection Requirements for Design-Build Project sections.	(1) The Design-Build process has been moved to the AOA, XI.B.1 (2) The Technical Review and Panel Selection for Design-Build Projects process has been moved to the AOA, XI.B.2
40	41-43	Plans and Specifications	Sections X.A-E: Deleted (1) Review Procedure, (2) Value Engineering, (3) Project Performance Standards, (4) Labor Wage Provisions, and (5) Minority Business Enterprise & Women Business Enterprise (MBE/WBE) sections.	(1) The P&S review has been moved to the AOA, Section XI, to streamline CWSRF procedures, (2) Value Engineering has been moved to the AOA, Section XI.C, (3) Project Performance Standards has been moved to the AOA, Section XI.D, (4) Labor Wage provisions are responsibility of applicant and removed from CWSRF Policy, (5) MBE/WBE has been changed to Disadvantage Business Enterprise (DBE) and moved to the AOA, Section XI.F.2.
41	44	Federal Statutes	Section XI: Deleted "Compliance with Other Federal Statutes and Authorities".	The Compliance with Other Federal Statutes and Authorities Section moved to the AOA, Section XI.F.
42	44-45	Allowances	Section XII: Deleted (1) Normal Allowances and (2) Design-Build Allowances	(1) Normal Allowances deleted with no VE study requirement
43	45	Construction Financing Agreement	Section X.A: Added Construction to title. (1) Moved financing agreement to the Preliminary Funding Commitment (PFC) instead of the Final Plan & Specifications (P&S) approval, (2) Added Approval of Award (AOA) and amended financing agreement based on AOA.	(1) PFC and the engineer's estimate is the basis of the initial financing agreement, (2) that is then adjusted for Agency's accepted bid as a final financing agreement.
44	45-46	Construction Financing Agreement	Section X.B: (1) Deleted Normal and added Soft Costs in title. (2) Rewrote section to delete Value Engineering (VE) as a required, and (3) Changed Soft Costs paid to include actual project costs incurred by the applicant instead of a fixed amount based on project construction cost.	(1) Include the concept of "Soft Costs" as equivalent to Allowances, (2) VE is now optional and will be paid if applicant performs in compliance with CWSRF Policy Appendix C, Guidance Memo #3. (3) Soft Costs are adjusted for Agency's approved soft costs invoices.

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45	46	Construction Financing Agreement	Section X.C: (1) Added DAC Funding in title. (2) Added 2 nd paragraph to include AB 2356 requirement to include Small Community Wastewater Grant Funding Program funds, and (3) Revised 3 rd paragraph to add DAC Funding Charge is included in the financing.	(1) Include DAC elements of financing in this section, (2) a limited amount of DAC grant funds may be used as generated by the CWSRF Program, and (3) DAC Funding Charge is included in the financing charges.
46	46-47	Construction Financing Agreement	Section X.D: Added new DAC Incentives and criterion to fund DAC.	DAC incentives that may include Extended Term financing, reduced interest rates, grants, principal forgiveness, negative interest rates, or any other similar subsidy for their financing agreement.
47	47	Construction Financing Agreement	Section X.E: Added new Other Incentives section in addition to those provided for in Section X.D.	Incentives that may include State Water Board lowering interest rate or other financial incentives after a public meeting for specified class of borrowers or type of project.
48	48	Construction Financing Agreement	Section X.H: Changed the financing agreement effective date from the Final P&S approval to Preliminary Funding Commitment date.	Provides the State Water Board and applicants the opportunity to execute an initial financing agreement and disburse funds, based on the engineer's estimate, earlier in the project's schedule.
49	48	Construction Financing Agreement	Section X.I: Added Expiration Date(s) section.	The State Water Board includes appropriate expiration date(s) to provide for efficient use of CWSRF funds. In past years expiration dates has included applicant's Authorized Representative signing the financing agreement, Notice to Proceed or other project schedule appropriate milestones.
50	49	Approval of Award (AOA)	Section XI.A: Added "Equipment Procurement" and "or Request for Proposals (RFP) Approval" to title and in section text.	To allow for equipment procurement funding or RFP approval for Design-Build projects in the AOA. Also, eligibility is no longer based on the Final P&S approval for the since effective date of the financing agreement has been moved up to the Preliminary Funding Commitment approval.

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51	49-50	Approval of Award (AOA)	Section XI.B: (1) Added "Approval of Award Package and Amended Financing Agreement" and deleted MBE/WBE in section text, (2) Added 5 th paragraph on Completion of Construction date, (3) Rewrote 6 th paragraph to include the amending the financing agreement complying with the AOA.	To allow for equipment procurement funding or RFP approval for Design-Build projects in the AOA. Also, eligibility is no longer based on the Final P&S approval since the effective date of the financing agreement has been moved up to the Preliminary Funding Commitment approval.
52	50-51	Approval of Award (AOA)	Section XI.B.1: (1) Added "Design-Build Projects" section. Moved from Facilities Planning Section IX.L of the September 16, 2008, CWSRF Policy, (2) Changed "facilities planning" to "Approval of Construction Financing", (3) 5 th paragraph deleted.	(1) Primarily moving this section from Facilities Planning to the AOA section, (2) Allows for Design-Build approval to occur at the time of the AOA (3) Final RFP submittal is no longer required in this section.
53	52-53	Approval of Award (AOA)	Section XI.B.2: Added "Technical Review and Panel Selection for Design-Build Projects" section. Moved from Facilities Planning Section IX.M of the September 16, 2008, CWSRF Policy.	Primarily moving this section from Facilities Planning to the AOA section, Allows for Design-Build approval to occur at the time of the AOA.
54	53	Approval of Award (AOA)	Section XI.C: (1) Deleted Value Engineering (VE) requirement for projects that cost more than \$35 million, (2) Allows applicants to receive CWSRF Program VE Soft Costs incurred.	(1) VE for projects is longer required by federal regulations, (2) If VE is performed complying with Appendix C, Memo #3, then applicant may receive CWSRF funding for the eligible VE costs.
55	53-54	Approval of Award (AOA)	Section XI.D: Moved the Project Performance Standards from the P&S approval to the AOA approval.	Project Performance Standards developed at the time of the AOA allows for projects to receive a initial financing agreement at the time of the Preliminary Funding Commitment.
56	54	Approval of Award (AOA)	Section XI.E: Moved the "Compliance with State Statutes and Authorities" from Section X, Plans and Specifications, of the September 16, 2008, CWSRF Policy Amendment to the AOA approval section.	Compliance with State Statutes and Authorities rewritten to clarify applicant and Division responsibilities.

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57	54-55	Approval of Award (AOA)	Section XI.F: (1) Moved the "Compliance with Federal Statutes and Authorities" from Section XI, of the September 16, 2008, CWSRF Policy Amendment to the AOA section, (2) 1 st paragraph rewritten to delete DBE required for Tier I and not required for Tier II CEQA, (3) Added Authorized Representative Self-Certification, (4) Changed MBE/WBE to DBE, (5) Added semiannual DBE reporting requirements.	(1) Compliance with Federal Statutes and Authorities at time of AOA, (2) Rewritten to clarify applicant and Division responsibilities, (3) Simplify and streamline the application process, (4) and (5) Federal law requires the change from MBE/WBE to DBE and semiannual DBE reporting requirements.
58	58	Construction Disbursements	Section XII.B: (1) Added "Construction" to title, (2) Changed Allowance to Planning, Design, Value Engineering, Construction Management, and Administration (Soft Costs)" (3) 1 st paragraph rewritten	(1) To distinguish between planning and construction disbursement procedures, (2) Specify soft costs that are allowed for CWSRF funding, (3) Rewritten to clarify applicant's and Division responsibilities.
59	58-59	Construction Disbursements	Section XII.C: (1) Added "or Equipment Procurement" to title, (2) Section rewritten to provide improved instructions.	(1) To add equipment procurement as an appropriate disbursement request, (2) Rewritten to clarify applicant's and Division responsibilities.
60	59	Final Disbursement	Section XII.D: Added Final Disbursement section and include an appropriate expiration date (six months after the Completion of Construction date).	This section added to provide for the Division a method to efficiently use CWSRF funds and keep cash flowing.
61	60	Operation	Section XIV.A: Added to 1 st paragraph the Division may choose not to perform a Final Project Inspection in some instances, such as sewer collection systems with no pump stations.	Efficient use of limited staff resources.
62	62	Record Keeping Requirements	Section XV: Added to 2 nd paragraph "Planning Document(s) Approval Letter/Preliminary Funding Commitment for planning financing agreements, or".	Added the three year retention of invoice records for this Planning Documents approval for planning financing.
63	62	Construction Payments	Section XVI: (1) Added Construction to title, (2) Added DAC funding charges to bullets, (3) Rewrote 2 nd paragraph to include DAC funding and add reference to Appendix G of the CWSRF Policy.	(1) To differentiate between Planning and Construction Payments, (2) Added DAC funding to be added into the financing agreement, (3) Rewrote paragraph to reflect changes due to DAC addition and CWSRF procedure changes.

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65	63	Board Authority	Section XVII: Added Executive Director may waive the Policy requirements in order to comply with the American Recovery and Reinvestment Act (ARRA) of 2009.	The ARRA of 2009 requires that funds used must be under construction within one year of the ARRA being signed into law. This provides the Board with a mechanism to quickly adjust funds to meet the one year requirement.
66	63	Eligibility Disputes	Section XVII: Added 1 st two sentences to address issues with earlier Policy Amendments with this Policy Amendment.	Clarify responsibilities for resolving inconsistencies with earlier Policy Amendments.